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#### OUR TIMBER BUSINESS

Good planning is fundamental as a pre-requisite to orderly and efficient handling of an activity. It is for this reason that the region has placed so much emphasis upon getting every acre of its National Forests under a management plan or policy statement. These plans supply the necessary foundation for proper timber management through increased timber sales, which some of us think essential to bring the forests into first class growing condition and to make them contribute fully to local welfare.

Recently a check has been made to see how far the region has gone toward its objective of "every acre under plan". Here are the figures:

Approved management plans	3,418,000 acres
Approved policy statements	4,310,000 "
Total under plans	7,728,000 "
Plans and statements in preparation	461,000 "
No plans or statements	530,000 "

This shows that eighty-nine per cent of the job is complete, with another five per cent in the mill and schedules for completion within the next few months. That doesn't give the whole picture though, because management plans are also in preparation for 1,727,000 acres now covered with policy statements. Besides, the periodic revision of plans is already coming up on some forests.

So in fact, the planning is an important continuing job. In general though, the sound foundation for the region's forest management activities has been well laid and the important job ahead is to put the plans into operation 100 per cent.

No plan is worth while unless it is practical, and unless it is followed. Following these plans means bringing timber sales up to the allowable cut and it cannot be stressed too strongly that this is the most important present timber management job on the region's National Forests. )

Well, let's check on that. The annual allowable cut under the approved plans and policy statements is 186,168 M feet of saw-timber and other products. The cut in the fiscal year 1939 was 90,940 M feet and for three-fourths of this year 110,691 M feet. At this year's rate, therefore, the cut is only 80 per cent of what it should be and there is still a large job of sales promotion ahead.

If you who are charged with the administration of the National Forests have forgotten that you are foresters, I suppose we will have larger and better roads, more recreational improvements, and, in addition, a lot of "gingerbread". But if you remember that first of all you are foresters, then the development of your timber resources will always be uppermost in your minds. And that means that such things as stand improvement, planting, erosion control and timber marketing - all to improve your forests - will occupy the most prominent place in your work programs.

Unless I miss my guess, future generations will judge us - as managers of the National Forests - not on the basis of length and size of concrete roads running through these areas or of substantial physical improvements, but on the basis of the timber we have produced and are converting into local payrolls and stable communities. If this supposition is correct, our most important job is to bring each acre to its highest production so that it may contribute most to future welfare. That means proper cultural treatment and proper cutting practices, and these must absorb the greater part of our best thoughts and efforts.

-- JOSEPH C. KIRCHER

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#### FLORIDA SELLS AND TELLS

The 1939 booklet describing the Florida National Forests states that the highest price the Forest Service has ever received for pine sawtimber was paid on the Ocala National Forest. A truly sweeping statement, but a year has produced no vociferous objections.



The sale referred to involved 130 M of virgin slash pine cut in 1938 at \$15.30 per M. In 1939, about 600 M of similar Ocala slash pine was sold at \$14.30. To celebrate the arrival of 1940, the Choctawhatchee sold a local boat builder 5 M of virgin longleaf pine at \$17.00 per M. We admit the circumstances were unusual and the volume negligible, but the price stands and looks very fancy to us. Somewhat heartened by the Ocala claim going unchallenged, we take a deep breath and announce that Florida's \$17.00 is a new pine stumpage record for the Forest Service. In fact, we are tempted to sound off with something really chesty, such as: "When pine is worth more, Florida will get more." Experience, however, has taught us to fold our hands and await - the deluge of denials.

-- K. R. Mayer, Staff Assistant, Florida

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ASSISTANT CHIEF A. E. SHERMAN

The Southern Region was saddened by the news of the death of Assistant Chief Edward A. Sherman, one of the pioneers and leaders in forestry in the United States. Mr. Sherman, who died of a heart ailment at his home on March 28, had just passed his 69th birthday and had been in government forestry work for 37 years. He was well known to many in this region, and his passing is a great loss to his many friends and to the Service.

L. F. Kneipp said of Mr. Sherman: "He was without arrogance or egotism; unselfish and kindly; unswerving in his fidelity to the public interest; passionate in his loyalty to the Service. Only of injustice and dishonesty was he intolerant and critical. In him every man and woman in the Forest Service could find a friend, generous in his sympathy, counsel and assistance, and many did. Thus it was that he commanded not alone the honor and respect but also the genuine affection of those who knew him. He was like a great tree towering in the forest, a guide and landmark, fecund of ideas, a refuge in times of stress, a source of inspiration. Physically he is gone, but the imprint of his personality and ideals upon the fabric of the Forest Service will endure."

THE BRASS RING TO DR. SHEA AND DR. WHEELER

We were pleased to see in the Service Bulletin Ding Darling's tribute to Chief Lecturer Wheeler, who recently completed a series of lectures in the Southern Region. Mr. Darling wrote Dr. Wheeler: "Your evangelism is one of the hopes of this generation. With so many souls to be saved it is unfortunate that we can't cross you with a rabbit and have several hundred of you right away! Some day when your schedule has an open week I wish they would date you up in Washington, D. C. to speak only to the government circles and make their attendance compulsory."

The Regional Office has received copies of many letters commenting on Dr. Shea's paper before the American Forestry Association at Biloxi, Mississippi, February 1-3. President McClure of the American Forestry Association says: "Seldom if ever have I heard a large subject so pointedly and clearly presented. Please accept our thanks and appreciation for your most able participation."

From Secretary Reynolds, Massachusetts Forest and Park Association: "We have advocated research along that line for a good many years and it was not until the Forest Service decided to employ you that we felt we had made any progress. I should be glad to keep in close touch with your work."

A. G. T. Moore of the Southern Pine Association: "I think you are striking at the very root of our forest fire problem, and more power to you."

State Forester Brooks Toler of Alabama: "Several members of my staff after reading your paper thought so highly of it that they recommended that copies be placed in the hands of all our District Foresters and District Forest Rangers ... I wonder if it would be possible for us to secure 50 or 100 copies for distribution among our field personnel. One of the primary functions of our men engaged in fire protection work is fire prevention, and I believe that the information given in your paper will be invaluable to them in their approach to local problems."

L. R. Wilcoxon, Crossett Lumber Company: "I consider this one of the best papers I have ever heard presented."

The National Fire Protection Association has requested permission to abstract this paper for publication in its Quarterly Magazine. Several State Foresters, lumber company officials and representatives of various agencies express the opinion that Dr. Shea's talk is going to be conducive to a more effective fire control.

## KNOCKS 'EM OFF

The Hebo pruning club in the hands of CCC boys on the Willamette is knocking off Douglas fir limbs up to 1.7 inches in diameter -- not only dead limbs but live branches of this size also. The boys go up these 50-year-old trees with climbers, knocking off the limbs in short order with a short-handled club. They prune to about 34 feet or to about the base of the live crown. The model of this tool, improved on the Willamette, seems to be effective on surprisingly large limbs.

-- Six-Twenty-Six

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## THE FRONT OF OFFICE DESKS

Recently I was conducting a conference on the conference method. Before this time I had conducted many such blackboard conferences and had taught others how to lead them. All participants had taken the conventional seating arrangement at tables for granted and there was no question as to why - the reasons for this arrangement must have been obvious to them.

But some inquisitive member of this group queried: "Why seat us behind tables? Why not just let us sit around in chairs in a semi-circular arrangement since you've asked us not to take notes?"

We have all observed how a meek, mild-mannered man, the type that always removes his hat when a lady enters an elevator, becomes a bellicose, discourteous person when seated behind the steering wheel of a car. I'd like to ask someone - why?

Have you ever noticed the difference in the demeanor of a man when you talk with him across your own desk and when you meet that person on equal footing, say in the hall or perhaps on the street? Most men gain in stature when placed behind a desk because it is truly their fortress. A man sitting behind his own desk has two strikes on any visitor sitting across the desk from him - he is on his throne!

It is easy always to talk to the really big man, while it is difficult to approach the small and officious man. When I was learning to sell, this was an axiom that was drilled into me. It is a very difficult thing for talk to be easy and normal between two persons when one is enthroned behind his own desk.

I read in professional and industrial publications that some personnel departments have special rooms arranged and furnished very much like a home living room in which to interview applicants and review personnel records with individual employees. The



bugaboo of a desk is absolutely removed. More and more I read that executives are arranging their offices in such a way that callers can be seated so that there is no desk barrier between the caller and the executive.

Oh, yes! About the conference tables. Place a member of a conference behind a table and you have very little trouble getting him to express his opinions and join in discussions, for you see he feels solid and at home behind the table fortress - he has something to hold onto!

-- M. W. May, Jr., Regional Office

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The hearts of all personnel on the Cherokee were made sad a short time ago by the death of Nat G. Phillips, ERA Messenger. His death came as a shock to everyone, and our deepest sympathy is extended to his family. Mr. Phillips had been employed in the Hiwassee Ranger's and Supervisor's offices for a number of years, and during this time he had made many friends in the Forest Service.

-- Paul H. Gerrard,  
Forest Supervisor, Cherokee

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#### CONFUCIUS SAY

"He who travel through life on narrow road  
in hurry, end journey with mind more  
narrow than road."

One day Joe Smith started on a journey over a highway that led him by fertile valleys, over high mountains, and through quaint and beautiful towns and villages. Joe was in a hurry to reach the end of the road. He drove with speed and determination; crowding other motorists off the road occasionally, roaring through the quiet villages, scaring pedestrians and scattering the feathers from a flock of chickens in front of a farm house.



When evening came, Joe had reached the end of the highway. He was tired from the strain of staring straight ahead at the road. His nerves were on edge from the close calls he had experienced by cutting on the the inside of curves to hasten the journey. He went to bed with but one thought of the day - he had made good time and the hard journey was over.

The next day, Jim Jones started on a journey over the same highway. It was a beautiful morning and Jim looked toward the day with pleasant anticipation. He drove leisurely and carefully, stopping from time to time to look to the right and left at the beauty of the mountains, the rivers and green valleys.

He picked up a farmer boy who was trudging along the road to school. Jim told the boy something about the road he had traveled and the boy listened with interest and his young imagination grew as Jim told of the things he had seen and experienced. Jim stopped in one of the quaint villages for lunch. He listened to an old resident's story of the history of the town and countryside.

As the afternoon grew into evening shadow, Jim reached the end of the journey. Jim was not tired. He laid down to rest with memories of the things he had seen, of new faces and new friends.

-- "The Gateway", Monongahela National Forest, R7

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#### VACATION LAND - FLORIDA

The Region 8 Service Club again makes it possible for Forest Service personnel to spend a restful vacation in the Choctawhatchee National Forest at Camp Pinchot this summer. The furnished houses are available for rent as follows:

House No. 1 - \$14.00 per week  
House No. 2 - \$10.50 per week  
House No. 3 - \$ 7.00 per week

Houses are furnished including electric lights and running water with the exception of linen. Reservations are now in order and the President of the Club, Mr. Frank A. Albert, Box 1050, Tallahassee, is receiving applications for reservations. Schedule is being arranged for weeks to begin on Saturdays.

-- Robert L. Parkman, Executive Assistant,  
Florida.

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## WALKER RIDES AGAIN

### Alabama National Forests

The 18 miles of road to the pavement are about to dry up; a tractor and grader are working on the dry hillsides. Yes, it looks like the weeks of isolation for Company 3477, CCC Camp Ala. F-12 are about over.

Three deer are at Heflin to be brought out to the Game Management Area. Light of heart and with thoughts of spring, Glenn C. Walker, Project Superintendent of Camp Ala. F-12, drives from camp. But cruel fate is with him in that pick-up, unknown to him until he starts the return journey.

First, a fine southern drizzle, then a gulley washer, turning into a trash mover. Darkness steals up like a thief in the night. Mud fights forward travel. Deeper and deeper get the ruts. Past Jene Jarrel's country estate labored that sturdy pick-up. Only five more miles - but what miles.

Then disaster. The right chain parted. Slew into the ditch, the wheel spins freely. Further forward movement is ended. Stout-hearted, daunted not by a fate that would cower ordinary men, the momentous decision is made. Back to the Jarrel estate on foot, a mile of meandering mud, rain pelting, temperature dropping, darkness dense as the inside of a cow. But it can be done - it is done.

With flowing beard, unshorn since the naughty nineties, Mr. Jarrel rounds up his pride and joy, JIM, 500-pound mule par excellence. Connected to the town wagon by assorted straps, ropes and wire, JIM but awaits the starters signal to sally forth. What spirit! What energy! Restlessly tugging on the lines JIM stood there with head bowed, rain running off him down ridges between ribs all too visible.

Off they go! No need have these stout hearts for top and windshield. Masters are they of all they survey - there in the all consuming darkness. Rain turns to sleet. The wind rises to beat against brave breasts. JIM toils on.

Along that picturesque drive, the Skyway Highway, proceeds our valiant cavalcade. Surfaced with the choicest tenacious clays, with hills designed to test your motor and curves cleverly hidden to test your reflexes, this is a drive that must be taken to be appreciated. Onward and ever onward JIM draws them safely.

For JIM knows every foot of this road. Has he not made many trips to camp for garbage? Does he not hear that empty garbage can bouncing around in the wagon bed? Onward JIM, ye faithful beast, without pride of ancestry or hope of posterity,

yet were it not for you Mr. Walker would not ride again. Through rain and sleet, nearly blinded by mud and exposure, the lights of camp appear as a cheerful welcome for the weary traveler. Five miles - two hours. Not a speed record, but a saga of dauntlessness. The Forest Service has again been true to its high tradition.

WALKER RIDES AGAIN!

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THE FAMILY ALBUM  
THIS IS GORDON

It's farewell to the Regional Office and heigh-ho Arkansas for Associate Civil Engineer Madison Gordon on the first of May. He goes to Russellville to take over the reins as Forest Engineer on the Ozark. This will be his first venture of this nature; he's proved himself as an instrument man, with the slide rule, at doping out water and sanitary systems--now for a many-sided job, a collection of first-rate headaches--engineering work on a National Forest.

Madison's long suit is power of concentration coupled with an ample store of patience--a combination that inevitably grinds out success. Recently he has turned this to account at the bridge table and come off high man so often that his wife's embarrassment knew no bounds. But most outstanding is his invariable politeness. No matter under what duress, no matter how occupied he was as office engineer, Madison always took time to listen and delve with interest into the problem you laid before him, and he always rendered full and fair verdict after mature investigation of all sides of the question. He is one of the most approachable men you will find, and you never leave him without having been helped. And, most of all, you liked his unfailing courtesy.

This will be going home to Arkansas for Madison and his wife, Lillian. Hope is his home town. The inscrutable Ozarks will contemplate his quiet competence and silently approve; he will fit in quietly and smoothly.

Our best wishes for your unlimited success, Madison!

-- Chigger Pete

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While the ironical broadcaster at the Telefunken Station near Berlin was declaring that Germany's scarcity of paper had been measurably remedied by the leaflets dropped on German cities by British propaganda planes, the British Minister of Supply was rationing paper in Britain. (New York Times)



## PERSONNEL CHANGES

On March 1 Jr. Forester Peter J. Ceremello was transferred from the Kisatchie Supervisor's office to the Southern Forest Experiment Station, with official headquarters at Olustee, Florida.

Jr. Forester Edwin P. Ahern has been transferred from the Ozark to the Talladega District on the Alabama where he is engaged in timber management activities.

The following employees have tendered their resignations to accept employment with the CCC Director's Office: Enoch Sturgeon, Clerk on the Bienville District of the Mississippi; Arthur M. Crumb, Jr. Clerk on the Jessieville RD of the Ouachita; Gus Peters, Asst. Clerk in the Ouachita Supervisor's office, and Earl R. Neff, Jr. Clerk-Stenographer in the South Carolina Supervisor's office.

Machine Operator Roscoe N. Strickland has been transferred from the Cherokee to the Regional Office, where he will be assigned to the various units throughout the Region in the operation of bituminous surfacing equipment.

Jr. Supervising Mechanic Duvinguer Bollinger has been transferred from the Zone Repair Shop on the Ouachita to the Ozark shop.

The following intra-unit changes have been effected:

Nantahala: Under Asst. to Techn. John T. Siler from the Nantahala to the Wayah RD.

Kisatchie: Jr. Forester Fred L. Joy from the Supervisor's office to the Catahoula RD.

Ouachita: Minor Scaler Simeon A. Pintado from the Fourche to the Womble RD.

Ozark: Minor Asst. to Techn. Fred L. Buffaloe from the Pleasant Hill to the White Rock RD.

Mississippi: Abstractor Glender Dennis from the Homochitto to the Holly Springs RD.

South Carolina: Miss Elizabeth N. Nunn, Jr. Clerk-Stenographer from the Supervisor's office to the Enoree RD.

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In Finland it was discovered that bales of wood pulp are more effective protection than sandbags against bombs and shells.  
(Paper News)

## THE LOOKOUT

The annual spring meeting of the Gulf States Section of the Society of American Foresters will be held in Gulfport, Mississippi on May 3 and 4 at the Markham Hotel. Although full particulars regarding the meeting are not available at this time, it is understood that a very interesting program has been prepared.

W. D. Muir, Silviculturist in the Division of Forest Management, Forestry Commission of the State of New South Wales, Australia, spent several days last month in the Region. Mr. Muir has spent some time at the Yale School of Forestry and is making an extended American forestry trip which includes the Madison Laboratory and several Forest Service regions. He is attempting to attain an overall picture of fire protection, research, and control work in the States before returning to Australia. He visited the Pisgah and Nantahala Forests and told officials there that he found the forests in this section strikingly similar in altitude, climate and other conditions to those of his own district in New South Wales. Mr. Muir also visited the Florida and Mississippi Forests. He was particularly interested in fire control activities in the coastal plain section. It was interesting to learn from him that the public forests of New South Wales extend from the seashore to the snow-capped timberline, presenting a tremendous variety of protection and management problems.

Mr. Bell in Maintenance reports that the Regional Office subscriptions to the Red Cross amounted to \$138.70.

On Regional Office detail from the field are: Lewis R. Grosenbaugh, Timber Management Assistant from the Ozark, and J. E. Vernon, Asst. Engineer from the South Carolina.

### Recent Regional Office visitors:

SCS: C. H. Flory, Asst. Regional Forester, Spartanburg, S. C.  
L. J. Leffelman, Acting Regional Director, Atlanta.  
Frank E. Haskell, Assoc. Forest Economist, Atlanta.

FSA: Julian Brown, Asst. Regional Director, Montgomery, Ala.  
H. R. Bailey, Montgomery.  
R. L. Van Sant, State Director, Athens, Ga.

W.O.: W. K. Williams, Extension Forester  
J. A. Fitzwater, Chief, Division of State Forestry

States: Brooks Toler, State Forester, Montgomery, Ala.  
George A. Lary, Asst. Forester, Little Rock, Ark.  
W. L. Lear, Assistant Forester, Little Rock  
N. D. Canterbury, Asst. State Forester, Columbia, S. C.  
T. W. McKinley, Forest Management Asst., Columbia  
H. F. Bishop, District Forester, Florence, S. C.  
E. N. Cooper, Forester, Forest Farming Project, Pearson, Ga.  
L. E. Stadtmiller, Director, CCC, Nashville, Tenn.  
Hugo Pawek, Director, CCC, Raleigh, N. C.

Experiment Stations: R. E. McCardle, Director, Appalachian Station,  
Asheville, N. C.  
I. F. Eldredge, Southern Station, New Orleans, La.

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#### NATIONAL FORESTS PAY DIVIDENDS

Six hundred and sixty seven counties, more than one-fifth of the 3,070 within the United States, are entitled to share this year in the distribution of 25 percent of the gross receipts from operation of the 196 National Forests and purchase units of the Forest Service. Cash receipts from the administration of the National Forest system amounting to \$4,903,376.44 were paid into the U. S. Treasury for the fiscal year 1939.

In the Southern Region this 25 percent totals \$160,855.28. Arkansas leads with \$53,916.78 and Florida is second with \$30,903.90.

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## R E T I R E M E N T

By

Miss Mary Jo Pershina

### Retirement Legislation

The retirement law which provided for salary deductions from employees in the classified civil service was passed May 22, 1920, and became effective August 1, 1920. This is called the Organic Act. Altogether Congress has passed some 19 General and 19 Special Acts covering retirement provisions for Federal employees.

### Deductions and Interest

The cost of the Federal retirement system is borne jointly by the employees and the Government. The act of May 22, 1920, provided for a salary deduction of  $2\frac{1}{2}$  percent. This act was amended July 3, 1926, and the deduction was increased to  $3\frac{1}{2}$  percent, effective July 1, 1926. This deduction is made from the salary of everyone who is subject to the retirement act. The rate is the same regardless of the salary rate. The deduction is made at the time the salary is vouchered, and the employee has no control over his credits that accumulate in the retirement fund. He cannot withdraw his money while he is in active service nor can he borrow any part of it. The fund draws interest at the rate of four percent compounded annually on June 30, except for the current fiscal year which for purposes of facilitating computation of interest is figured at a flat rate of two percent. The interest is computed only on the even dollars in the fund.

### Tontine Fund

Since July 1, 1930, the entire  $3\frac{1}{2}$  percent has not been credited to the employees' retirement fund. One dollar per month has been withheld and placed in what is called the "tontine" fund. The purpose of this tontine fund was to reduce the Government's share of the large increase in the cost of retirement under the act that was passed May 29, 1930. It was believed that the forfeiture of one dollar per month from the employee's contribution would result in less hardship than to increase the salary deductions by a percentage which would cover his share of the added cost. The tontine deductions in the 70-year group and the forfeiture of the deduction by those voluntarily separated help the Government pay the high cost of retirement in the 62-year group. There has been some complaint about this tontine deduction, but if it is abolished, it will be necessary to increase the deduction from salaries to compensate the Government for the increased cost of retirement under the present act.

### Computation of Interest

An example of the computation of interest, using a basic salary of \$2,000 which after two years was increased by promotion to \$2,100 is as follows:

	<u>Deduction</u>	<u>Tontine</u>	<u>Employee Credit</u>	<u>Interest</u>		<u>Total to Date</u>
				<u>2%</u>	<u>4%</u>	
F.Y. 1937	\$70.00	\$12.00	\$58.00	1.16		\$ 59.16
F.Y. 1938	70.00	12.00	58.00	1.16	2.36	120.68
F.Y. 1939	73.50	12.00	61.50	1.22	4.80	188.20

Any employee who has kept a record of his retirement deductions can figure for himself what his credit amounts to now.

It is impossible to predict in advance what the credit in the retirement fund will be when the employee is ready to retire because of changes in salary rates, leave without pay, etc. However, assuming that the salary rate is constant, the accumulations during 30 years of service for several salary rates are as follows:

<u>Salary Rate</u>	<u>Annual 3½% Deduction</u>	<u>Annual Tontine</u>	<u>Annual Employee Credit</u>	<u>Accumulated Deductions and Interest in 30 Yrs.</u>
\$1,620	\$ 56.28	\$12.00	\$ 44.88	\$2,568.43
2,600	91.20	12.00	79.20	4,528.58
3,800	133.20	12.00	121.20	6,932.00

### Voluntary Separation

In case an employee is voluntarily separated from the Service, the dollar per month which goes into the tontine fund will not be refunded to him. All he will receive is the amount in the "total to date" column. If, however, he is involuntarily separated, the tontine deduction is refunded to him with interest.

### Eligibility for Retirement

The retirement act applies to all employees in the classified civil service except those having temporary limited appointments. Laborers, CCC, and ERA employees, and others employed without having competitive status in the classified civil service do not come within the act. An employee who once obtained retirement status retains that status as long as he is in the Service, even though he has been transferred to a nonclassified position.

### Retirement Classification

There are four distinct retirement possibilities:

1. Retirement on account of age.
2. Voluntary or optional retirement.
3. Disability retirement.
4. Retirement owing to involuntary separation.



## Retirement for Age

Under the first provision, all employees to whom the retirement act applies who have reached the age of 70 and have rendered at least 15 years of service are eligible for retirement on an annuity. Exempt from the 70-year limit are certain hazardous occupations, or those requiring great physical effort or which necessitate exposure to extreme heat or cold. The age limits for such positions are 65 and 62 years. The classification of positions to these exempt groups is determined jointly by the Civil Service Commission and the head of the department concerned. In the Forest Service employees have been classified as follows:

<u>62-Year Group</u>	<u>65-Year Group</u>	<u>70-Year Group</u>
Assistant regional forester	Laborers	All other
Forest supervisor	Skilled mechanics	positions
Assistant forest supervisor	Tradesmen	
Forest ranger		
Forest assistant		
Dry kiln operator		

When an employee is retired he receives a life annuity which terminates upon his death. Computation of the amount of the annuity is made by the Civil Service Commission, based on the experience of the civil service retirement and disability fund. Tables showing annuity values are issued by the Board of Actuaries.

## Computing Annuities

The act of May 29, 1930, provides for two methods of computing retirement allowances, which for convenience are called Plan 1 and Plan 2. Under Plan 1 the Government's share of the annuity is \$30 a year for each year of service, not exceeding 30. The maximum of such annuity, when the salary is \$1,200 or over, is \$900. Where the salary is under \$1,200, the Government annuity may not exceed three-fourths of the salary. The employee's share of the annuity is the amount which the accumulated deductions will purchase. The Government uses these accumulated deductions to purchase the employee a single premium life annuity. The amount of the annuity purchased varies according to age, sex, and form of annuity.

To illustrate, assume that an employee has \$1,000 to his credit in the fund at the time of his retirement. He or she has had an average salary of \$1,600 for a five-year period, and has served 30 years. The annuity under Plan 1 will be:

<u>70 Years Old at Retirement</u>	<u>M A L E</u>		<u>F E M A L E</u>	
	<u>Nonfor.</u>	<u>Forfeiture</u>	<u>Nonfor.</u>	<u>Forfeiture</u>
Govt. annuity, \$30 x 30 years	\$ 900.00	\$ 900.00	\$900.00	\$ 900.00
Employee's annuity, purchased				
with \$1,000	103.34	138.14	93.97	119.36
	<u>\$1,003.34</u>	<u>\$1,038.14</u>	<u>\$993.97</u>	<u>\$1,019.36</u>



<u>55 Years Old at Retirement</u>	<u>M A L E</u>		<u>F E M A L E</u>	
	<u>Nonfor.</u>	<u>Forfeiture</u>	<u>Nonfor.</u>	<u>Forfeiture</u>
Govt. annuity, \$30 x 30 years	\$ 900.00	\$ 900.00	\$900.00	\$ 900.00
Employee's annuity, purchased with \$1,000	90.26	113.58	82.75	99.54
	\$ 990.26	\$1,013.58	\$982.75	\$ 999.54

#### 52 Years Old at Retirement

Govt. annuity, \$30 x 30 years	900.00	900.00	900.00	900.00
Employee's annuity, purchased with \$1,000	83.93	102.52	77.29	90.53
	\$ 983.93	\$1,002.52	\$977.29	\$990.53

The nonforfeiture annuity means that the employee has elected to take a life annuity with a provision for a cash refund to his beneficiary of the unexpended balance to his credit in the fund. Thus, if the 70-year male employee dies at the end of the first year, his beneficiary or his estate will receive a refund of the balance in his fund, which will be \$1,000 less \$103.34. For each year that he lives the cash refund will be \$103.34 less. If he lives ten years there will be no money left in his fund.

Under the forfeiture plan, the employee elects to receive an increased annuity which forfeits to the Government all the money he has to his credit. Thus, if he dies after receiving only one monthly payment, nothing is due his beneficiary or his estate.

It will be noticed that the Government annuity is the same for men and women at all ages, but that the annuity purchasable with the employee's money is in every case lower for women than for men and both vary according to age. The reason for this is that the actuary tables compiled under commercial annuity systems show that women live longer than men and, therefore, a greater amount must be paid to them before their death. Whether this will be found true for women working in the Government service has not yet been determined.

Under Plan 1, the more money the employee has to his credit in the fund the greater will be the annuity he can purchase. Plan 1 really constitutes the annuity provision of the Federal retirement system, but as it was desired to give all employees having salaries of \$1,600 or over, a retirement allowance of \$1,200 for a service of 30 years or more, the provision under Plan 2 was written into the law as a guarantee. This guarantee reads as follows: "Provided, that the total annuity paid shall in no case be less than an amount equal to the annual basic salary, pay, or compensation, not to exceed \$1,600 per annum, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding 30 years, divided by 40." This minimum guarantee was provided in 1930 because at that time no employee who had made the regular contributions on a salary of less than \$8,500 from August 1, 1920 on had enough money to his credit to entitle him to a retirement allowance of \$1,200 if computed under

Plan 1. Therefore, in the examples given on the chart, since the amount in the retirement fund is not sufficient to bring the retirement allowance up to \$1,200, the minimum guarantee, Plan 2 will be used.

To summarize, when the average salary for the five-year period is \$1,200 or under, the annuity is computed under Plan 1. When the average salary is over \$1,200, the annuity is, as a rule, computed under Plan 2. However, as the amounts the employees have to their credit increase, more of the annuities will be computed under Plan 1. After a contribution period of 30 years, all salaries of \$2,000 and over will be computed under Plan 1, as that will provide the larger annuity. What Plan 2 guarantees is \$40 a year for each year of service, not exceeding 30, if the average annual salary for the five-year period is \$1,600 or over.

### Voluntary Retirement

The only voluntary retirement permitted under the present law is that of two years prior to the compulsory retirement age, after 30 years of service, which means that the employees in the 62-year group may retire at 60 years if they have established service of 30 years or over; those in the 65-year group may retire at 63 years, and those in the 70-year group at 68 years.

### Disability Retirement

Under disability retirement the four essentials are:

1. A service of five years or more.
2. Total disability for useful and efficient service in the position then occupied.
3. That the disability upon which the claim is based is not due to vicious habits, intemperance, or willful misconduct on the part of the employee.
4. That the claim be filed while the employee is still in service or within six months from date of separation.

The term "total disability" means that the employee is totally disabled for performing the duties of the particular position in which he is or has been employed; not whether the employee is capable of performing duties of another character.

Application for disability retirement must be filed by the employee. It must be accompanied by a certificate of the attending physician, describing the disease or injury, expressing opinion as to total disability, when the total disability began, and whether such disability is due to vicious habits, intemperance, or willful misconduct. Proof of freedom from any or all of these causes prior to the last five-year period is not required. Upon receipt of the



application, the Civil Service Commission designates a physician who will determine the degree of disability by medical examination. If this physician rates the disability as permanent, the employee is placed on the annuity roll and is not again examined.

If, however, the disability is not rated as permanent, the employee is placed on the annuity roll, and he must then be examined at the end of each year until he reaches compulsory retirement age, unless an intermediate examination shows the disability to have become permanent. If he fails to appear for an examination as ordered, his annuity is suspended until he does submit to the examination and the continuance of his disability is established. If the medical examination shows that the employee has recovered and is able to return to work, his annuity is continued for a period of one year (this was 90 days until the 1939 amendment) in order to give him an opportunity to become reinstated in the Government service. If at the end of the year the employee has been unable to find a position in the Government service, his retirement allowance ceases. He can then withdraw any balance he has to his credit in the fund, but if he later obtains a reinstatement he will have to redeposit this refund with interest before he again becomes eligible for retirement. Fortunately only a few of the annuitants who have been dropped from the roll have been unable to secure a restoration to service. It must be emphasized, however, that the employee must find the position - the Government assumes no obligation whatever in the restoration.

In disability retirement age is not a factor; the rate is the same as for retirement age. For example, an employee with 30 years of service and an average salary of \$1,600 or over for the five-year period, who becomes totally disabled at the age of 50 years, will receive an annuity of \$1,200. If he has served less than 30 years, he will receive \$40 for each year of service.

The Retirement Act does not provide for annuities for short periods of disability or for partial disability.

No employee is entitled to annuity under the Retirement Act and also to compensation under the U. S. Employees' Compensation Act, for the same period of time. If the employee is entitled to benefits under both acts, he must choose one. He should thoroughly investigate the situation so that he will protect his rights by selecting the proper benefit.

#### Retirement Owing to Involuntary Separation

Employees with less than 15 years of service or those under 45 years of age at the time of separation have no title to annuity under the retirement act. All that such employees receive on leaving the Service is a refund of the total amount of their deductions with interest. The tontine deduction of \$1.00 per month with interest is included in this refund.



Eligibility for retirement under this section requires:

1. Service of not less than 15 years.
2. Involuntary separation from service for causes other than misconduct or delinquency.
3. An age of 45 years for a deferred annuity.
4. An age of 55 years for an immediate life annuity.

An employee 55 years or over who is eligible for retirement under this section may select one of the following options:

1. A refund of the total amount of his deductions with interest.
2. A reduced life annuity beginning at the date of separation.
3. A deferred annuity beginning at the age at which the employee would otherwise become eligible for retirement.

An employee between 45 and 55 years old is entitled to a deferred annuity, but such an employee may upon reaching the age of 55 elect to receive the reduced annuity. He may also at the time of the involuntary separation elect to receive a refund of his deductions with interest.

This section does not apply to voluntary separation but only to those who lose their jobs through no fault of their own. Usually, their positions are abolished and there are not available other positions to which they can be assigned. Employees placed on extended furloughs are not eligible. Separation from service must become absolute.

The Civil Service Retirement Division has ruled that the terms "misconduct" or "delinquency" as used in this section denote "culpable wrong-doing deserving censure or moral blame, rather than innocent failure to fulfill the requirements of high standard of service." Thus, an employee who is discharged for "inefficiency", if otherwise eligible, is entitled to annuity.

The annuities under this section are computed as under retirement for age. That is, the deferred annuity will be the same as if the employee was retired for age. The immediate annuity will be the present value of the deferred annuity as computed by the Board of Actuaries.

#### Credit for Past Service

An employee who becomes eligible for retirement while occupying a position which comes under the Retirement Act, is entitled to credit for all past service rendered by him in the civil service of the

United States, the District of Columbia, or for Government-owned corporations. Service as a postmaster or under a Presidential appointment is counted. Enrollment in the CCC can be counted as can service in the administrative force of the CCC or other emergency organizations. Military service may also be counted if it has not already been used as a basis for pension, compensation, or military retirement. In this connection, the receipt of a pension or compensation for military service is not a bar to benefits under the civil service retirement act. The employee is entitled to both; all he loses is credit for periods of service upon which the pension, compensation, or military retirement is based.

While a person is entitled to credit for all the service he has rendered before coming under the Retirement Act, for all service since August 1, 1920, he has three options:

1. Purchase service credit for the period of prior service during which regular deductions from his salary were not made.
2. Waive prior service credit and have annuity computed on service rendered after he came under the act.
3. Claim credit for his whole period of service. In such case his retirement allowance will be reduced by the amount of annuity his deposit, if made, would have purchased.

Those who elect to purchase credit for prior service must deposit a sum equal to the deductions which would have been made if their positions had been under the retirement act during the whole period of service, plus interest for the whole period, at the rate of four percent compounded annually. When service credit is purchased to cover prior service, the purchase must cover the entire period. An employee may not elect to purchase only the portion he may need to complete 30 years' of service. Deposits may be made at any time after the employee is brought under the Retirement law, and may be made in installments in accordance with the instructions from the Civil Service Commission. The Division of Personnel Management can furnish the forms upon which the application for service credit may be made.

An employee who at one time received a refund of his retirement deductions because of separation from service must redeposit the amount which was refunded plus interest before annuity may be granted under his present position.

#### Custody and Records of Retirement Deductions

The Treasury Department is the custodian of the retirement fund, and all money deducted from the employees is set aside under a separate fund entitled "Civil Service Retirement and Disability Fund." In all cases where I have said that the money reverts to the Government, the money actually goes back to the retirement fund; it does not go into



any general fund, and it is used only for retirement annuity purposes. The administration of the retirement act is by the Civil Service Commission. The Commission maintains a separate account for each employee covering all salary deductions, tontine withdrawals, accrued interest, refunds, deposits, etc.

#### New Legislation in 1939

On August 4, 1939, Congress passed an act to amend the Federal Retirement Law. The provisions of the amendments to Section 4 are of special interest to us. These provisions are all effective January 1, 1940.

Section 4a was amended to provide that the Government annuity shall not be less than the employee's purchasable annuity. Thus, if under Plan 1 the employee has sufficient money to his credit in the retirement fund to purchase an annuity of \$975, the contribution of the Government will also be \$975, making a total annuity of \$1,950. This will be of special benefit to the employees in the higher salary brackets who have been contributing more in proportion to the benefits received than the lower salaried employees.

#### Joint, Survivorship Annuities

Section 4d provides that any employee may at the time of his retirement elect to receive, in lieu of the life annuity due him, a reduced annuity payable to him during his life and an annuity after his death payable to his beneficiary. The amounts of the two annuities shall be such that their combined actuarial value on the date of retirement is the same as the actuarial value of the employee's single life annuity with forfeiture. The annuities under this provision are on the forfeiture basis, and after the deaths of the employee and the beneficiary any unexpended part of the employee's fund will revert to the Government. The January 1940 issue of "The Federal Employee" contained an article about joint, survivorship annuity applications and instructions. The Board of Actuaries has not yet issued a table of rates and, therefore, no examples can be given of the annuities that will be paid if this option is selected.

#### Additional Retirement Fund Contributions

The amendment to Section 10 of the Retirement Law provides for the additional retirement fund contributions. The circular of instructions issued by the Civil Service Commission is quoted in the February 1940 issue of "The Federal Employee." The provisions of the act are: Any employee at his option may deposit, in addition to the compulsory contribution of  $3\frac{1}{2}$  percent, additional sums in multiples of \$25 but not to exceed ten percent of his annual basic salary since August 1, 1920. This money will be used by the Government to purchase additional annuity at the time of retirement. The annuity received under these additional contributions will not be matched by the Government as provided in Section 4a. Each employee may contribute as much or as



little as he chooses, except that he may not contribute more than 10 percent of his salary. The making of a deposit does not obligate an employee to continue the deposits. These voluntary contributions will be refunded only in case of absolute separation from the Service or death.

The Civil Service Commission has issued a table showing the approximate accumulations of voluntary deposits and the annuities the money will purchase for men at the three retirement ages. For women the annuities will be lower. For comparison purposes the value of similar deposits with one of the commercial insurance companies is shown:

	Additional Voluntary Deposits Per Year	Approximate Accumulations At Three Percent	Type	Additional Annuity at Ages		
				62	65	70
<u>Ten Years of Contribution Preceding Retirement</u>						
Government	\$100	\$1,146.39	N.F.	\$ 91.31	\$ 97.97	\$111.76
			F.	108.11	119.42	144.36
Commercial	100	1,123.00	N.F.	88.80	95.40	108.72
			F.	103.80	113.80	135.24
<u>Twenty Years of Contribution Preceding Retirement</u>						
Government	100	2,687.04	N.F.	214.02	229.64	261.95
			F.	253.40	279.90	338.38
Commercial	100	2,707.00	N.F.	214.10	230.00	262.20
			F.	250.20	274.60	326.16
<u>Thirty Years of Contribution Preceding Retirement</u>						
Government	100	4,757.54	N.F.	378.94	406.59	463.79
			F.	448.66	495.58	599.11
Commercial	100	4,942.00	N.F.	390.80	419.90	478.68
			F.	456.70	501.10	595.40

N.F. - Nonforfeiture  
F. - Forfeiture

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